

SECURITIES EXCHANGE ACT OF 1934
Release No. 53163 / January 20, 2006

SECURITIES INVESTOR PROTECTION ACT OF 1970
Release No. 166 / January 20, 2006

ADMINISTRATIVE PROCEEDINGS
File No. 3-12156

SEC INSTITUTES ADMINISTRATIVE PROCEEDINGS AGAINST STEPHEN J.
HORNING

On January 20, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 and Section 14(b) of the Securities Investor Protection Act of 1970 (the Order) against Stephen J. Horning. The Order alleges that Rocky Mountain Securities & Investments, Inc., a now-defunct broker-dealer, violated the net capital, customer reserve, books and records, and notice provisions of the Exchange Act, in relation to the diversion of \$4.5 million of customer funds to pay proprietary trading losses. In addition, the Order alleges that Rocky Mountain violated the Exchange Act by making false filings with the Commission and sending to its customers a materially false financial statement of Rocky Mountain's financial condition.

The Order alleges that Horning, Rocky Mountain's former president and financial and operations principal, willfully aided and abetted and caused certain of Rocky Mountain's violations. The Order also alleges that Horning failed reasonably to supervise Rocky Mountain personnel, and failed to take action to avoid the financial collapse of Rocky Mountain, resulting in the firm's SIPC receivership.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide the Respondent an opportunity to dispute these allegations, and to determine what, if any, remedial sanctions are appropriate and in the public interest.

The Order requires the Administrative Law Judge to issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.